

Message Text

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ACTION TRSE-00

INFO OCT-01 EUR-25 ISO-00 EB-11 SS-20 SAM-01 USIE-00 FEA-02

AGR-20 CEA-02 CIAE-00 COME-00 DODE-00 FRB-02 H-03

INR-10 INT-08 L-03 LAB-06 NSAE-00 NSC-07 PA-04 RSC-01

AID-20 CIEP-02 STR-08 TAR-02 PRS-01 SP-03 OMB-01

SWF-02 DRC-01 SSO-00 /166 W
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P 101200Z JUN 74

FM AMEMBASSY MADRID

TO SECSTATE WASHDC PRIORITY 9106

C O N F I D E N T I A L MADRID 3577

DEPT PASS TREASURY

E.O. 11652: GDS

TAGS: ETRD SP

SUBJ: COUNTERVAILING DUTIES

REF: A) MADRID 3392; B) STATE 110378

1. AT A SOCIAL EVENT THIS PAST WEEKEND FOREIGN
OFFICE DIRECTOR GENERAL RAIMUNDO BASSOLS TOLD EMBOFFS THAT,
SPEAKING AS THE DIRECTOR GENERAL, HE WAS VERY "IRRITATED" AT THE
WAY IN WHICH THE COUNTERVAILING DUTY ISSUE WAS BEING HANDLED BY THE
US GOVERNMENT. HE INDICATED THAT HE HAD INFORMATION THAT WOULD LEAD
HIM TO CONCLUDE THAT A HEARING NOTICE WOULD BE PUBLISHED AND
THAT FOLLOWING THIS, THERE WOULD BE THE APPLICATION OF A
COUNTERVAILING DUTY ON IMPORTS OF SPANISH FOOTWEAR. THIS,
HE SAID, WOULD HAVE A DISASTROUS EFFECT ON THE SPANISH
FOOTWEAR INDUSTRY. HE SAID THAT THE SITUATION WAS SUCH
THAT SPAIN WOULD, AS A RESULT, BEFORCED TO TAKE RETALIATORY
ACTION AGAINST THE US. WHEN ASKED WHAT THE NATURE OF THIS
ACTION MIGHT BE HE SAID, AFTER A MOMENT'S PAUSE, "SOME-
THING LIKE BUYING NUCLEAR POWER PLANTS FROM THE SOVIET
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UNION INSTEAD OF FROM THE US."

2. BASSOLS SAID THERE WAS NO DOUBT BUT THAT FOREIGN MINISTER CORTINA WOULD RAISE THIS ISSUE WITH SECRETARY KISSINGER DURING HIS UPCOMING VISIT TO WASHINGTON.

3. COMMENT: BASSOLS WAS HIGHLY EMOTIONAL ON THIS SUBJECT AS WAS HIS COMPANION, DIRECTOR GENERAL MEDINA OF THE MINISTRY OF COMMERCE. ALTHOUGH THE EMBOFFS REITERATED ONCE MORE THE VARIOUS ARGUMENTS AND EXPLANATIONS CONCERNING THE NATURE OF THE US COUNTERVAILING DUTY LAW AND THE SITUATION WITH RESPECT TO THE FINANCE COMMITTEE'S HANDLING OF THE TRADE REFORM ACT, THEY APPARENTLY MADE LITTLE IMPRESSION. WHAT IS FIRST AND FOREMOST IN THEIR MINDS IS THAT THE US IS CURRENTLY SELLING THREE TIMES AS MUCH TO SPAIN AS SPAIN IS SELLING TO THE US AND THAT THE TRADE DEFICIT WITH OUR COUNTRY ALONE WILL PROBABLY REACH \$1.5 BILLION THIS YEAR.
AXELROD

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30 JUN 2005

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